

Date Mailed March 30, 1999

BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN

Investigation on the Commission's Own Motion Into Issues
Associated with Compliance by Wisconsin Electric Utilities
With the U.S. Environmental Protection Agency's New
Nitrogen Oxide Emissions Requirements

05-CE-108

**NOTICE OF PROCEEDING, INVESTIGATION, ASSESSMENT OF COSTS, AND
PREHEARING CONFERENCE**

Document Filing Date for Participants:	April 15, 1999
Address Documents To:	Lynda L. Dorr Public Service Commission P.O. Box 7854 Madison, WI 53707-7854
Prehearing Conference Date:	April 29, 1999 at 9:30 a.m.
Conference Location:	Public Service Commission, Amnicon Falls Hearing Room (1st Floor), 610 North Whitney Way, Madison, WI

THIS IS A PROCEEDING, pursuant to Wis. Stat. §§ 196.02(7) and 196.49, to consider the issues associated with Wisconsin utilities' requirement to comply with new nitrogen oxide (NOx) emission standards that the U.S. Environmental Protection Agency (EPA) established recently.

On October 27, 1998, EPA issued a new rule requiring 22 states, including Wisconsin, to reduce emissions of nitrogen oxides (NOx), one of the main components of ground level ozone and particulate matter. NOx emissions come from automobiles, power plants, factories, and other combustion sources.

Under the new rule, Wisconsin must significantly reduce NOx emissions for large utility boilers by May 2003. In order to comply with EPA's stated deadline, Wisconsin's utilities have begun to prepare compliance plans and implementation schedules. A prompt response to the new emissions requirements is especially important in order that any necessary equipment can be

purchased and installed in a manner that prevents any material, negative impact on electric reliability in Wisconsin.

Currently, the state's five largest investor-owned utilities, Madison Gas and Electric Company (MGE), Northern States Power Company-Wisconsin (NSPW), Wisconsin Electric Power Company (WEPCO), Wisconsin Power and Light Company (WP&L), and Wisconsin Public Service Corporation (WPS), estimate that the capital cost necessary for compliance is in the range of \$433-\$797 million. In addition, annual operation and maintenance expenses associated with compliance are estimated by these utilities to be in the range of \$37-\$41 million.

The Commission hereby opens, on its own motion, a docket to address the issues associated with EPA's NOx emissions requirements as they apply to the state's utilities. The Commission is opening this docket to consider the need to issue certificates of authority for construction of NOx emissions reduction plant and whether it is appropriate to do so. The docket will also consider appropriate periods of cost recovery and applicable depreciation methods associated with compliance and the potential environmental effects associated with installation of the proposed NOx emissions reduction plant (or facilities). This will be a generic docket that addresses the NOx compliance related issues for each of the five utilities identified above and any other utilities that choose to become part of this docket. These utilities will first be required to file with the Commission their specific compliance plans including the information set forth below. Following the filing of the compliance plans, a prehearing conference will be held to identify the issues and to set the schedule for a subsequent public hearing.

Each state utility named above and any other utilities that choose to participate in this docket are required to file with the Commission an original and 20 copies of their compliance plans, implementation schedules and other appropriate information no later than April 15, 1999. The filed information must include: 1) actions the utility expects to be taken with respect to compliance with EPA's new rules; 2) the time frame the utility expects to follow in order to be in compliance including identification of significant milestones; 3) the estimated amount and timing of the capital costs necessary to be in compliance; 4) a schedule that details the partial or complete unavailability of specific power plants through 2003 occurring as a result of NOx compliance and normal, scheduled outages; 5) the estimated amount, timing, and cost of replacement capacity and energy over normal levels that are necessary to complete the capital additions required for compliance; 6) the estimated change in annual ongoing operation and maintenance expenses necessary for compliance; 7) a description of the steps taken to determine the appropriateness of incurring the costs of compliance versus other supply alternatives; and 8) the appropriate periods of cost recovery and applicable depreciation methods for NOx compliance investments.

NOTICE IS GIVEN that the Commission will hold a prehearing conference on April 29, 1999, at 9:30 a.m. in the Amnicon Falls Hearing Room at the Public Service Commission Building, 610 North Whitney Way, Madison, Wisconsin, and continuing at times to be set by the presiding Hearing Examiner. This building is accessible to people in wheelchairs

through the Whitney Way first floor (lobby) entrance. Parking for people with disabilities is available on the south side of the building. Any person with a disability who needs additional accommodations should contact the case coordinator listed below.

The prehearing conference is being held to: 1) identify persons who will actively participate as full parties; 2) identify issues; 3) determine the date and time for a hearing; 4) specify dates for filing construction applications under Wis. Admin. Code ch. PSC 112, testimony, and exhibits; and 5) any other matters that will facilitate the hearing.

Full parties will be bound by the designation of issues and the schedule adopted at the prehearing conference. Persons who consider themselves to be potential full parties should participate in the prehearing conference. Persons who desire to actively participate as full parties must request full party status in writing. Full party status requests should be addressed to Jeffry Patzke, Hearing Examiner, Public Service Commission of Wisconsin, Examining Division, P.O. Box 7854, Madison, Wisconsin 53707-7854.

This is a Class 1 proceeding as defined in Wis. Stat. § 227.01(3)(a). This is a Type III action under Wis. Admin. Code § PSC 4.10 (3). The preparation of either an environmental impact statement under Wis. Stat. § 1.11 or an environmental assessment is normally not required. The Commission will consider the environmental aspects of this case as it develops. An environmental assessment may be prepared if circumstances suggesting the likelihood of significant environmental consequences come to its attention.

The Commission does not discriminate on the basis of disability in the provision of programs, services, or employment. Any person with a disability who needs accommodations to participate in this proceeding or who needs to get this document in a different format should contact the case coordinator listed below.

NOTICE IS GIVEN that the Commission considers it necessary, in order to carry out its duties, to investigate all books, accounts, practices, and activities of MGE, NSPW, WEPCO, WP&L, and WPS and any other utilities that become parties. The expenses incurred or to be incurred by the Commission which are reasonably attributable to such an investigation will be assessed against and collected from MGE, NSPW, WEPCO, WP&L, and WPS, and from any other utilities that become parties, in accordance with the provisions of Wis. Stat. § 196.85 and Wis. Admin. Code ch. PSC 5.

Questions regarding the prehearing schedule in this notice may call Mr. Patzke at (608) 266-7165.

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Questions regarding this matter may be directed to case coordinator Udaivir Sirohi at (608) 266-2806.

Dated at Madison, Wisconsin, _____

By the Commission:

Lynda L. Dorr
Secretary to the Commission

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